

FISCAL IMPACT STATEMENT ON BILL NO. **S.860**

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|-----------|---|------|---------|
| TO:       | The Honorable Hugh Leatherman, Chairman, Senate Finance Committee |      |         |
| FROM:     | Office of State Budget, Budget and Control Board                  |      |         |
| ANALYSTS: | Kenneth Brown, Torina Wood  |      |         |
| DATE:     | February 1, 2008  | SBD: | 2008023 |

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|----------|----------------------------|--------------------|-----------|
| AUTHOR:  | Senator McConnell          | PRIMARY CODE CITE: | 12-6-3622 |
| SUBJECT: | Fire Sprinkler Tax Credits |                    |           |

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ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:  
\$0 (No additional expenditures or savings are expected)

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**BILL SUMMARY:**

The Bill would allow for a state income tax credit for a portion of the expenses of installing or improving a fire protection sprinkler system in a commercial structure, provides for a minimum premium discount for a commercial policy of property insurance if a fire sprinkler system is installed and properly maintained and prohibit tap-on fees for fire sprinkler systems exceeding the standard tap-on fee otherwise applicable for the structure.

**EXPLANATION OF IMPACT:**

Department of Insurance

Under the provisions of section 2 of the Bill the Department assumes it would have to review insurance company policies for compliance with the minimum discount amount and minimum compliance requirements. The Department estimates recurring cost of \$38,700 for salary and fringe benefits for one additional FTE and operating expenses of \$2,700. One-time cost of \$5,050 would cover office equipment, computers and supplies. Therefore, first year costs can be estimated at \$46,450 while recurring cost thereafter can be estimate at \$41,400.

Department of Revenue

The Department indicates enactment will have a minimal impact on expenditures which can be absorbed at the current level of funding.

**LOCAL GOVERNMENT IMPACT:**

None.

**SPECIAL NOTES:**

None.

Approved by:



Harry Bell  
Assistant Director, Office of State Budget